

**§ 202.353 Measurement standards for reporting and paying royalties.**

(a) For geothermal resources used to generate electricity, the quantity on which royalty is due shall be reported on Form MMS-2014 (Report of Sales and Royalty Remittance) as follows:

(1) For geothermal resources valued under arm's-length or non-arm's-length contracts, quantities shall be reported in:

(i) Kilowatthours to the nearest whole kilowatthour if the contract specifies payment in terms of generated electricity,

(ii) Thousands of pounds to the nearest whole thousand pounds if the contract specifies payment in terms of weight, or

(iii) Millions of Btu's to the nearest whole million Btu if the contract specifies payment in terms of heat or thermal energy.

(2) For geothermal resources valued by the netback procedure pursuant to 30 CFR 206.352(c)(1)(ii) or (d)(1)(ii), the quantities shall be reported in kilowatthours to the nearest whole kilowatthour.

(b) For geothermal resources used in direct utilization processes, the quantity on which royalty is due shall be reported on Form MMS-2014 in:

(1) Millions of Btu's to the nearest whole million Btu if valuation is in terms of thermal energy used or displaced,

(2) Hundreds of gallons to the nearest hundred gallons of geothermal fluid produced if valuation is in terms of volume, or

(3) Other measurement unit approved by MMS for valuation and reporting purposes.

(c) For byproduct minerals, the quantity on which royalty is due shall be reported on Form MMS-2014 consistent with MMS-established reporting standards.

(d) For commercially demineralized water, the quantity on which royalty is due shall be reported on Form MMS-2014 in hundreds of gallons to the nearest hundred gallons.

(e) Lessees are not required to report the quality of geothermal resources, including byproducts, to MMS. The lessee must maintain quality measurements for audit and valuation purposes.

Quality measurements include, but are not limited to, temperatures and chemical analyses for fluid geothermal resources and chemical analyses, weight percent, or other purity measurements for byproducts.

**Subpart I—OCS Sulfur—[Reserved]****PART 203—RELIEF OR REDUCTION IN ROYALTY RATES****Subpart A—General Provisions****Sec.**

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